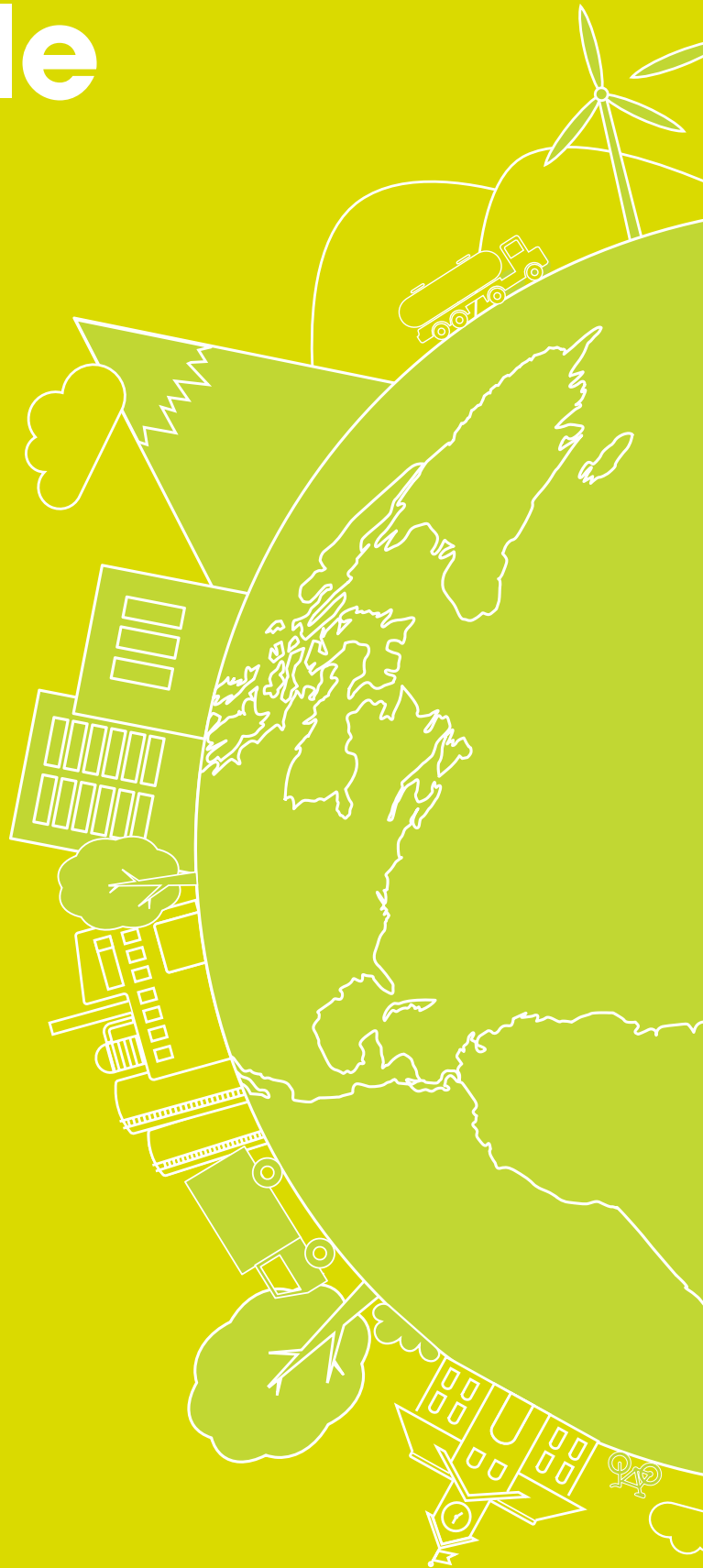


# Responsible Business Highlights 2018





“Operating as a responsible business is fundamental to the ongoing success of Innospec. Integrating sustainability into our day-to-day activities enables us to operate more efficiently, drive improvement, create innovative solutions and meet our stakeholders’ expectations. We are pleased to report on some of our highlights of our performance and activities in 2018.”

**Patrick S. Williams**  
President & Chief Executive Officer



# What Matters Most

We regularly engage with our stakeholders to identify the issues that matter most to them. Our last materiality assessment took place in 2017 and helped refine our strategy and focus areas developed across the four pillars of responsible business.

Pillar	 <b>Economic</b>	 <b>Social</b>	 <b>Environment</b>	 <b>Governance</b>
Values	<b>Responsible Growth</b>	<b>Caring for People</b>	<b>Conserving and Protecting</b>	<b>Leading by Example</b>
Focus Areas	<p><b>Financial Performance</b> Generating economic benefits for our employees, shareholders and local communities.</p> <p><b>Innovation</b> Encouraging ongoing innovation in product development and application to keep our businesses competitive and sustainable.</p>	<p><b>Health, Safety &amp; Wellbeing</b> Nothing is more important to us. We strive to be leaders in health and safety, safeguarding those who could be affected by our activities.</p> <p><b>Employees</b> Investing in the growth and development of our employees helps us to attract talent and achieve long-term success.</p> <p><b>Community Engagement</b> Supporting local communities through education, fundraising and sponsorship opportunities.</p>	<p><b>Minimizing Impact</b> Seeking to understand and reduce the impact of our activities, while developing innovative products to help protect the environment.</p> <p><b>Product Sustainability</b> Supplying safe, sustainable products, designed to meet the needs of society now and in the future, while minimizing their environmental impact.</p>	<p><b>Legal Compliance</b> Understanding that honest, ethical and transparent conduct is vital to our success and reputation. Every employee plays an essential part in complying with local and national laws, rules and regulations.</p> <p><b>Third-Party Management</b> Ensuring our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.</p>

Social

People are at the heart of our business. Our continued success depends on keeping people safe, promoting a healthy lifestyle, protecting human rights, improving education, training and maintaining good relations with our neighbors.

### Health, Safety & Wellbeing

since 2017

**11%**  
reduction in accidents (classified as more than minor)

**20%**  
increase in near miss reporting

Innospec Employee Lost Time Accident Frequency Rate = **0.05** per 100,000 hours **better than industry average of 0.21**

### Community Engagement

**US\$456,000+**  
raised in 2018

**126** charitable organizations supported globally

**US\$189,441**  
raised

**90**  
applications approved

**21**  
Innospec sites participating

**78**  
charities & causes supported globally

### Our Journey to...

**ZERO HARM**

**1,328**  
employees trained

**4,426**  
management interactions completed (average 368 per month)

**36,452**  
60-second checks completed

### PHASE 1 ROLL-OUT COMPLETE

### Performance Recognition

Corporate Safety Employee Hours Certificate:

**3 million hours**  
Ellesmere Port, UK

**0.5 million hours**  
Midland, TX, US.  
Castiglione, Italy;  
Barcelona, Spain;  
Leuna, Germany

**1 million hours**  
Pleasanton, TX &  
Salisbury, NC, US

### Corporate Safety Award:

**GOLD**  
(5 years)

Chatsworth, CA & Salisbury, NC, US; Ellesmere Port, UK; Herne, Germany; Vernon, France

**SILVER**  
(3 years)

Oklahoma City, OK, US

**BRONZE**  
(1 year)

Castiglione, Italy; Leuna, Germany; St Mihiel, France; Midland, TX, US

### Workforce in Numbers

**2,000** employees in 23 countries

### Employee Gender Diversity

**76% Male 24% Female**  
**27% Female Senior Managers**

### Length of Service

**5+ years: 52%**  
**10+ years: 38%**

### Promoting Wellbeing

Employees offered support, training and advice including: Annual health checks, health insurance, free fruit stations and salad days, health newsletters, information campaigns and supporting fitness events.

**100%** of manufacturing sites are now at least at the **controlling level** of the UK Chemical Industry Association's (CIA) Health Metrics Indicator Tool.

Environment

### Performance Since 2017 & 2006 (Baseline Year)

#### Greenhouse Gas Emissions (Scope 1 & 2)

Intensity:

**6% reduction since 2017**  
**141 Kg CO<sub>2</sub>e per metric tonne of product**  
**30% reduction since 2006**

Absolute:

**1% reduction since 2017**  
**85,775 metric tonnes CO<sub>2</sub>e**  
**22% reduction since 2006**

### Water Use

**10% reduction since 2017**  
**3.59 m3 per metric tonne of product**  
**53% reduction since 2006**

### Verified Performance

CDP Supply Chain Disclosure Program 2018:

Performance band score **C: Awareness** (above program & industry average score of D: Disclosure)

Supplier Engagement Rating score: **B-** (above regional & sector average rating of C)

### Energy Use

**4% reduction since 2017**  
**2.29 GJ per metric tonne of product**  
**17% reduction since 2006**

### Hazardous Waste

**8% increase since 2017**  
**15 Kg per metric tonne of product**  
**65% increase since 2006**

### EcoVadis supply chain sustainability platform:

**Gold Medal Status** - ranking Innospec amongst the top 9% of all companies evaluated for their environmental, labor and fair business practices.

Product Sustainability

Supplying safe, sustainable products, designed to meet the needs of society now and in the future, while minimizing their environmental impact.

### Environment

**Empigen®** and **Pureact®** - a number of our products in these ranges are certified as COSMOS and ECOCERT natural detergents.

### People

**Sunsolv® BOS** improving the impact of sunscreen production by reducing energy requirements and helping to formulate with crystalline UV filters.

### Water

**Solid Cleansing Products** eliminating the need to transport water, reducing transport emissions by 75% and helping to minimize plastics used in the final consumer product.

### Air

**Dynamico™** fuel additives increasing fuel economy and reducing particulate matter from engines.

### Oceans

**OLI-8000 BPA** approved lubricant that supports the transport of low sulfur diesel fuels efficiently as required by IMO2020 legislation.

### Construction

**Millifoam®** a new product range for high, medium and low-density plaster boards, helping to address different industry needs such as raw material sustainability, energy saving and lower CO<sub>2</sub> emissions.

### Energy

**Drag Reducing Agents** improving pipeline efficiency and reducing energy requirements by up to 40%.

### Construction

**EcoTherm® pro Natur** improving the stability and combustion of blended premium heating oils and reducing carbon soot formation. Using one liter of the additive offsets the CO<sub>2</sub> emissions associated with the use of 2,000 liters of light heating oil.

### Energy

**Rediseal™** the industry's first 100% acid-soluble, high-solid, high-fluid squeeze pill that maintains the compression strength needed to hold a tight seal throughout the drilling section, preventing losses and damage.

### Energy

**Aurum®** reducing CO<sub>2</sub> emissions from LPG vehicles, heating and metal works.

### Energy

**Ortholeum® 130** reducing transformer failure in the electricity industry.

### Energy

**HiRate Plus 120™** improving extraction efficiency by reducing friction.

Governance

### Transparent & Honest

A number of our key corporate governance policies are publicly available online at: [www.innospec.com/aboutus/corporate-governance](http://www.innospec.com/aboutus/corporate-governance)

### Compliance Training

**1,994** employees enrolled in compliance training  
**5,303** legal compliance courses completed by employees  
**419** Third Parties enrolled in compliance training

### Managing Third Parties

**ecovadis**  
EcoVadis assessments now incorporated into our supplier evaluation and approval process for all raw materials. Overall the Innospec supply chain continues to score better than the EcoVadis average.

Sustainable Palm Oil

**Membership** of Roundtable on Sustainable Palm Oil (RSPO) since 2013. Check out our progress at [www.rspo.org/members](http://www.rspo.org/members).

**Certification** of all applicable sites. RSPO mass balance supply chain certification enables us to offer certified products where applicable.

**Increased transparency** of our palm based supply chain, achieving **99% transparency at refinery level** and **85% at mill level**.

**Working with suppliers** to ensure that all palm-based materials procured by Innospec will be from sustainable sources that comply with NDPE commitments (no Deforestation, no Peat, no Exploitation).

**Review and update** of our Sustainable Sourcing of Palm Oil and Palm Kernel Oil policy in 2018 to reflect our ongoing commitments and actions we are taking. Our policy is available at [www.innospecinc.com/sustainablesourcing](http://www.innospecinc.com/sustainablesourcing).

### Financial Performance

**US\$1.48 BILLION**  
revenue up 13% on 2017

**US\$435 MILLION**  
gross profit up 8% on 2017

**US\$133.5 MILLION**  
operating income

**US\$187.4 MILLION**  
adjusted EBITDA

### Acquisitions

Acquired BioSuite LLC a specialist custom biocide and biostat solutions formulator for the oil and gas industry based in Houston, Texas, US. The acquisition allows us to offer a full range of products to our Oilfield Services customers and increase our sales of biocide, biostat and scavenger products.

### R&T Facilities Expansion

- New Regional Oilfield Services R&T Center at The Woodlands, Houston, TX, US
- New Performance Chemicals Laboratories at Ellesmere Port, UK and Salisbury, NC, US. Expanded facilities at Castiglione, Italy.

### Innovation

**US\$33.4 million** Group investment in research and Technology (R&T), product/ application development and technical support

**214** people working globally in R&T and Technical Support

**Innospec Global Research Center** based at the Ellesmere Port, UK site

**4** Regional R&T / Technology Centers

**Global Center** of Excellence based at Millbrook, UK

**Global network** of 10 Technology Centers



## Social

### Health, Safety & Wellbeing

- **Protect** the health, safety and welfare of employees and third parties.
- **Launch** the second phase of our global corporate health and safety behavioral program, Journey to Zero Harm, to all non-manufacturing employees.
- **Maintain** focus on the implementation of and compliance with corporate process safety standards.
- **Reduce** the number of LOC events.

### Community Engagement

- **Launch** the new Innospec Cares employee volunteering day program.
- **Increase** the number of employees participating in the Innospec Cares charitable donation program.

### Employees

- **Implement** a corporate employee health and wellbeing policy.



## Environment

### Minimize Impact

- **Reduce** Greenhouse Gas Scope 1 & 2 emissions by targeting projects that will deliver the equivalent of a 2% saving by the end of 2020 (based on 2015 baseline).
- **Identify** and evaluate further water reduction projects.
- **Review** waste handling, maximizing recycling, re-use and recovery routes.

### Product Sustainability

- **Implement** the Innospec sustainable evaluation assessment criteria for all new manufactured products.
- **Increase** the transparency and understanding of Innospec's palm-based raw material supply chain, targeting 100% transparency at the mill level by 2020.
- **Implement** a formal palm oil supply chain grievance process and procedure.



## Governance

### Compliance

- **Review** our internal legal compliance audit process to help drive continuous improvement.
- **Conduct** a compliance culture survey across Innospec to identify areas for future focus.

### Third Party Management

- **Encourage** continuous improvement in the sustainability practices of our suppliers.
- **Develop** and communicate an Innospec Supplier Code of Conduct.

Further details on Innospec and our Corporate Social Responsibility programs can be found on our website below or by emailing [sustainability@innospecinc.com](mailto:sustainability@innospecinc.com)